

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON PRIORITY

UNCLAS STATE 214850

E.O. 11652: N/A

TAGS:EMIN EINV JA

SUBJECT: PM MANLEY'S PRESS CONFERENCE ON BAUXITE

1. THE FOLLOWING REPORT OF PRIME MINISTER MANLEY'S PRESS CONFERENCE OF SEPTEMBER 27 APPEARED IN THE SATURDAY, SEPTEMBER 28 EDITION OF THE NEW YORK TIMES:
2. "MICHAEL MANLEY, PRIME MINISTER OF JAMAICA, SAID YESTER-DAY THAT HIS GOVERNMENT HAD BEGUN NEGOTIATIONS WITH ALUMINUM COMPANIES CONCERNING PARTICIPATION IN THEIR OPERATIONS IN JAMAICA.
3. SPEAKING AT A NEWS CONFERENCE AT THE AMERICANA HOTEL, MR. MANLEY SAID HIS GOVERNMENT WAS SEEKING 51 PER CENT OWNERSHIP OF THE ALUMINUM OPERATIONS IN HIS COUNTRY. HE ASSERTED, HOWEVER, THAT JAMAICA'S APPROACH WAS "PRAGMATIC, FLEXIBLE AND FRIENDLY."
4. JAMAICA IS THE SECOND LARGEST PRODUCER IN THE WORLD OF BAUXITE, FROM WHICH ALUMINUM IS MADE. THE BULK OF THE PRODUCTION IS CONTROLLED BY THE KAISER ALUMINUM AND CHEMICAL CORPORATION; THE REVERE COPPER AND BRASS COMPANY; THE REYNOLDS METALS COMPANY; THE ALUMINUM COMPANY OF AMERICA; ALUMINA PARTNERS, LTD., AND ALCAN ALUMINUM, LTD.

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5. 87 PER CENT IMPORTED. THE UNITED STATES IMPORTS

87 PER CENT OF ITS BAUXITE REQUIREMENTS. ABOUT 60 PER CENT OF THIS AMOUNT COMES FROM JAMAICA.

6. MR. MANLEY SAID THAT HIS GOVERNMENT WAS NOW NEGOTIATING WITH REVERE AND THAT DISCUSSIONS WITH KAISER WOULD BEGIN SOON.

7. MR. MANLEY MADE A DISTINCTION BETWEEN OLD AND NEW OPERATIONS OF THE COMPANIES, SAYING THAT THE GOVERNMENT WAS DEFINITELY SEEKING 51 PER CENT OF ANY NEW FACILITY BUT THAT HIS GOVERNMENT WOULD BE MORE FLEXIBLE ON OLD OPERATIONS. "OUR ATTITUDE ON OLD OPERATIONS WILL CERTAINLY BE FAVORABLY AFFECTED BY A COMPANY'S PLANS TO BUILD NEW PLANTS AND FACILITIES," HE ADDED.

8. THE TALL, DISTINGUISHED LOOKING JAMAICAN LEADER DEFENDED HIS GOVERNMENT'S UNILATERAL 700 PER CENT TAX INCREASE ON BAUXITE, PUT INTO EFFECT IN JUNE, WHICH RAISED HIS GOVERNMENT'S ANNUAL REVENUES FROM THE MINERAL FROM \$25-MILLION TO \$200-MILLION.

9. MR. MANLEY ASSERTED THAT, BEFORE THE HIGHER TAXES, SOME OF THE COMPANIES PAID VERY LITTLE AND THAT THE NEW TAX ONLY ADDED 2.7 CENTS A POUND TO THE TOTAL PRICE OF ALUMINUM, WHICH HAS RISEN FROM 20 CENTS TO 39 CENTS A POUND IN THE LAST YEAR.

10. "CLEARLY OUR TAX IS NOT THE CAUSE OF MOST OF THE INCREASE," HE REMARKED.

11. WITH REGARD TO A CALL BY THE CHAIRMAN OF THE ALUMINUM COMPANY OF AMERICA, JOHN D. HARPER, FOR THE UNITED STATES GOVERNMENT TO DO SOMETHING ABOUT THE JAMAICAN PRICE INCREASE, MR. MANLEY SAID WITH SOME IRONY, "I DETECT NO CHANGE IN ATTITUDE ON THE PART OF EITHER THE UNITED STATES GOVERNMENT OR MR. HARPER."

12. IN SEVERAL PREVIOUS INTERVIEWS MR. MANLEY HAS MADE THE POINT THAT HE HAD BEEN IN CONTACT WITH UNITED STATES AND CANADIAN GOVERNMENT OFFICIALS BEFORE MAKING THE JUNE UNCLASSIFIED

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MOVE ON TAXES AND THAT HE HAD "RECEIVED NO PRESSURES, SUBTLE OR OTHERWISE, FROM THE UNITED STATES."

13. MR. HARPER HAS BEEN ONE OF THE MOST OUTSPOKEN CRITICS OF THE TAX ACTION.

14. WITH REGARD TO THE GOVERNMENT PARTICIPATION TALKS WITH THE COMPANIES, MR. MANLEY SAID, "OUR FUNDAMENTAL

OBJECTIVE IS TO BRING THE INDUSTRY UNDER CONTROL AND  
DIRECTION OF JAMAICA. BUT WITHIN THIS FRAMEWORK WE  
ARE STILL TOTALLY PRAGMATIC ABOUT HOW TO ACHIEVE THIS  
OBJECTIVE.

15. HE ADDED THAT THE TALKS WITH THE COMPANIES HAD BEEN  
"EXTREMELY AMIABLE," HE SAID THAT ALL THE AGREEMENTS WOULD  
BE REACHED BEFORE THE END OF THE YEAR."

16. ACCORDING TO A.F. SABO ASSOCIATES, WHICH HANDLED PRESS  
CONFERENCE ARRANGEMENTS, NO FORMAL RECORD WAS KEPT OF  
PROCEEDINGS. INGERSOLL

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## Message Attributes

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